Government of Saskatchewan

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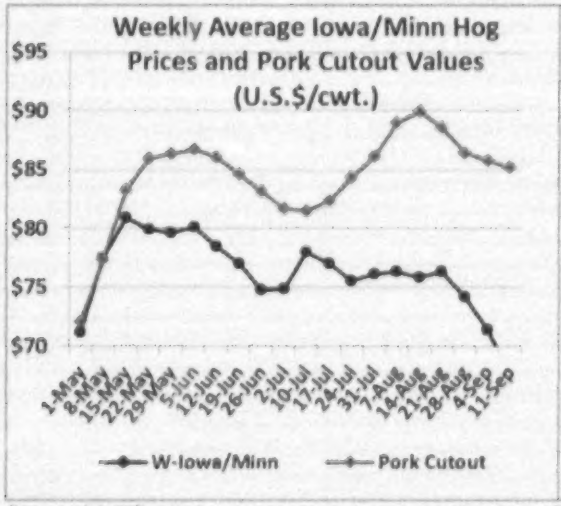
Weekly Hog Report

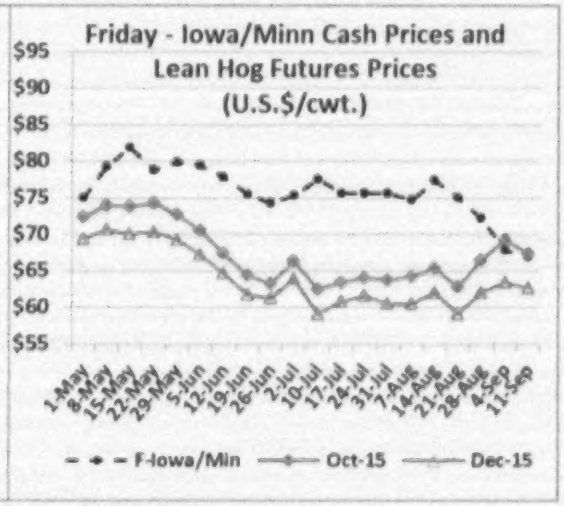
September 14, 2015

Cash Slaughter Weight Hog Prices

United States daily average cash hog prices (Iowa/Minn) moved lower over the week to end last week lower, week-over-week. Hog prices on Friday September 11 averaged US$66.89 per cwt, down US$0.84 per cwt or 1.2 per cent from US$67.73 per cwt the previous Friday. The negotiated base price last week averaged US$67.56 per cwt, down US$3.76 per cwt or 5.3 per cent from US$71.32 per cwt the previous week.



Source: LMIC



Source: LMIC, CME

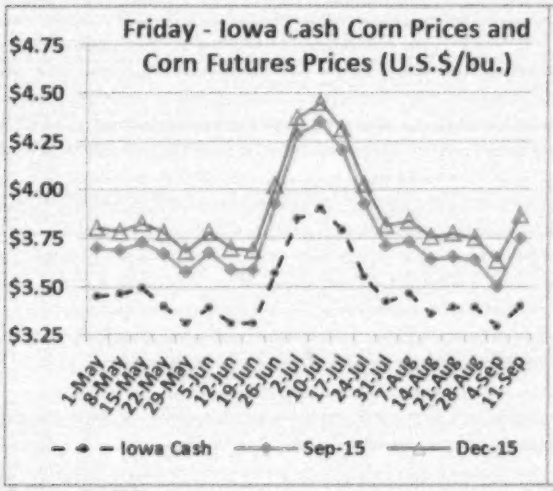
In Canada, the Signature#3 (Maple Leaf) Index 100 daily price for Friday Sept. 11, 2015 was $161.96 per ckg, down $3.53 per ckg or 2.1 per cent from $165.49 per ckg the previous Friday. Signature#3 weekly prices (Friday to Thursday) averaged $162.55 per ckg, down $7.95 per ckg or 4.7 per cent from the previous weeks' average price of $170.50 per ckg. The Canadian dollar edged higher to close Friday at 75.45 cents; up 0.06 cents from the previous Friday's close of 75.39 cents.

Futures Markets

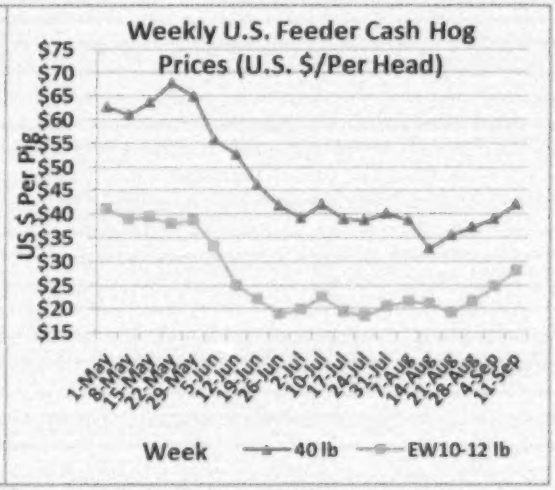
Lean hog futures daily prices were mixed but mostly lower over the week to end the week lower, week-over-week. The nearby October contract declined US$1.825 per cwt to settle Friday at US$67.325 per cwt, while the December contract declined US$0.700 per cwt to settle Friday at US$62.650 per cwt. Current cash hog prices are below the October lean hog contract, but over $4 per cwt higher than the December futures contract.

Cash Feeder Hog Prices

North American (Iowa) iso-wean (10-12lb) cash hog prices and feeder (40lb) cash hog prices again moved higher last week. Weighted average cash prices for iso-weans (12lb) last week were US$28.05 per head, up US$3.32 per head from US$24.73 per head the previous week. Feeders (40lb) were US$41.91 per head, up $2.97 per head from US$38.94 per head the previous week.



Source: LMIC



Source: Iowa Agriculture, CME

Iowa cash corn prices and corn futures moved higher, week-over-week. Iowa cash corn prices increased 11 cents over the week to settle on Friday at US$3.40 per bushel. The September corn futures contract increased 25 cents to settle Friday at US$3.74½ per bushel, while the December corn futures contract increased 24 cents to settle Friday at $3.87 per bushel. Half of the price gains were Friday after the USDA lowered global corn projections by 7.5 million tons.

Hogs Slaughtered

U.S. hogs slaughtered under federal inspection for the shorter Labor Day week ending September 12 were estimated at 2.040 million head, down 8.3 per cent from 2.225 million head the previous week, and down 0.5 per cent from 2.051 million head the same week a year ago. U.S. hogs slaughtered over the last four weeks ending September 12 averaged 2.177 million head per week, up 11.3 per cent from 1.956 million head over the same period a year ago.

In Canada, federal and provincial hog slaughter numbers for the shorter Labor Day week ending September 5, 2015 were estimated at 382,263 head, down 9.3 per cent from 421,252 head the previous week, but up 12.5 per cent from 339,735 head the same week a year ago. Canadian hogs slaughtered over the last four weeks ending September 5, 2015, were estimated to average 406,128 head, up 5.9 per cent from 383,477 head over the same period a year ago. Year-over-year, Canadian hogs slaughtered are up 3.3 per cent, at 14.353 million head.

Meat Production

U.S. pork production for the shorter Labor Day week ending September 12, 2015 was estimated at 425.8 million lb., down 6.2 per cent from 453.8 million lb. the previous week, and down 2.1 per cent from 434.9 million lb. the same week a year ago. Pork production over the last four weeks ending September 12 was estimated to average 452.4 million lb., up 9.3 per cent from 414.0 million lb. over the same four week period a year ago.

U.S. beef production for the shorter Labor Day week ending September 12 was estimated at 418.9 million lb., down 9.7 per cent from 463.9 million lb. the previous week, but down 13.1 per cent from 482.3 million lb. the same week a year ago.

Combined production of U.S. beef, pork, chicken and turkey over the four weeks ending September 5, 2015, was estimated to average 2.042 billion lb., up 5.8 per cent from 1.931 billion lb. over the same four weeks a year ago. Year-to-date, total U.S. meat production for 2015 is estimated to be up 4.0 per cent compared to the same period in 2014.

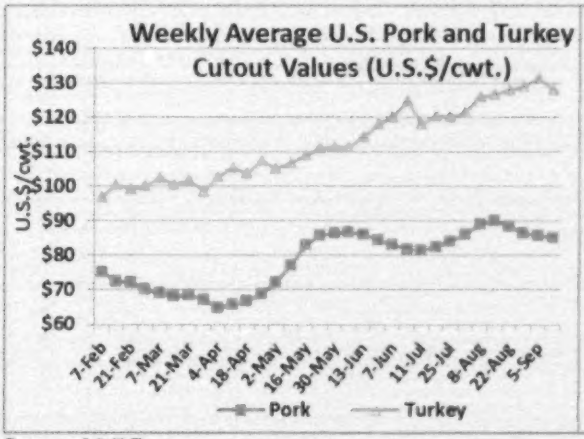
United States Weekly Meat Production

(Sept. 5) Four Week Average - Million Lb.			Percent Change	
	2014	2015	4 Week	YTD 2015
Pork	412.4	461.6	11.9%	8.1%
Beef	465.7	459.2	-1.4%	-3.8%
Chicken	924.5	1,001.9	8.4%	7.1%
Turkey	128.5	119.5	-7.0%	-2.6%
Total	**1,930.9**	**2,042.1**	**5.76%**	**4.03%**

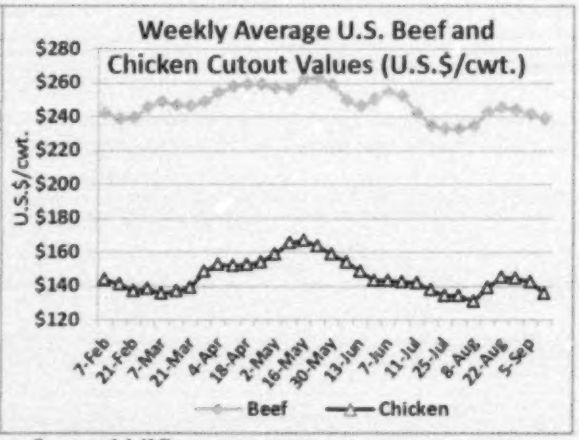
Source: LMIC

Cutout Values

U.S. pork cutout values for the week ending September 12, 2015 averaged US$85.18 per cwt, down US$0.52 per cwt or 0.6 per cent from US$85.70 per cwt the previous week, and down 19.5 per cent from US$105.81 per cwt from a year ago. Seasonally, pork cutout values typically trend lower into the fourth quarter with larger pork supplies; and this year will likely be no exception.



Source: LMIC



Source: LMIC

Choice beef cutout prices (600-900 lb.) averaged US$238.44 per cwt last week, down US$2.62 per cwt or 1.1 per cent from US$241.06 per cwt the previous week, and down 5.0 per cent from US$251.07 per cwt the same week a year ago.

Average chicken cutout values (Northeast breast) for the week ending September 12, 2015 averaged US$135.92 per cwt, down US$6.28 per cwt or 4.4 per cent from US$142.20 per cwt the previous week, and down 25.7 per cent from US$182.92 per cwt the same week a year ago.

USDA World Agricultural Supply and Demand Estimates (WASDE)

On September 11 the USDA released the September World Agricultural Supply and Demand Estimates (WASDE). United States September corn production estimates were reduced by 1.3 bushels per acre to 167.5 bushels per acre from August. Total U.S. corn production estimates for September totaled 13.585 billion bushels, down 101 million bushels from the August projections. USDA estimates were slightly lower than the average trade estimates of 167.6 bushels per acre and total estimated production of 13.599 billion bushels. The projected 2015/16 ending U.S. corn stocks were reduced by 121 million bushels or 7.1 per cent from August to September. U.S. farm corn price estimates were increased by ten cents per bushel to range between US$3.45 and US$4.05 per bushel for 2015/16. USDA projected global corn production was lowered 7.5 million tons August with a 4.3-million ton reduction from the European Union along with reductions from the U.S. and other countries.

USDA September World Agricultural Supply and Demand Estimates

		Million Pounds				Total Red Meat
	Quarter	Beef	Pork	Broiler	Turkey	& Poultry
2013	**Annual**	**25,720**	**23,187**	**37,830**	**5,806**	**93,333**
2014	**Annual**	**24,252**	**22,843**	**38,550**	**5,756**	**92,171**
2015	Aug. Proj.	23,759	24,581	40,245	5,632	94,971
2015	**Sept. Proj.**	**23,549**	**24,526**	**40,012**	**5,568**	**94,406**
% Chg.	Aug. - Sept.15	-0.88%	-0.22%	-0.58%	-1.14%	**-0.59%**
% Chg.	**2014-2015**	**-2.90%**	**7.37%**	**3.79%**	**-3.27%**	**2.42%**
2016	**Sept. Proj.**	**24,930**	**24,705**	**41,100**	**6,010**	**97,514**

Source: USDA September WASDE Report, September 11, 2015

The USDA WASDE report estimated that United States Red Meat and Poultry production for 2015 will be 94.406 billion lb., a 0.6 per cent decrease from the August estimates, but still a 2.4 per cent increase from 2014. United States meat production for 2015 is projected to increase for pork (+7.4%), broilers (+3.8%), but decrease for beef (-2.9%) and turkeys (-3.3%), from 2014 production. Meat production estimates for the fourth quarter of 2015 were reduced from August. U.S. meat production estimates for 2016 were also reduced slightly but still pegged at 97.514 billion lb., up 3.3 per cent from the current 2015 projections, with beef (+5.9%) and turkey (+7.9%) leading the way.

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